

## **U.S. Greenhouse Tomato Industry Alleges Unfair Competition, Files Antidumping Action Against Imports From Canada**

**U.S. imports of fresh tomatoes from Canada have grown from 22,000 tons valued at \$37 million in CY 1996 to 101,390 tons valued at \$161 million in 2000. In recent years, there has been a continuous rise in Canadian exports of greenhouse (GH) tomatoes to the United States, mainly during the months of April to June, a peak season for U.S. producers. On March 28, 2001, U.S. GH producers filed an anti-dumping petition with the U.S. International Trade Commission (ITC) and the Department of Commerce against imports of GH tomatoes from Canada, alleging that Canadian GH tomatoes are being sold in the United States at less than fair value, and are materially injuring or threatening to injure U.S. GH producers. On May 10, the ITC ruled unanimously that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of GH tomatoes from Canada that are allegedly sold at less than fair value. As a result of the ITC's affirmative determination, the Commerce Department will continue to conduct its investigation on the issue of dumping margins, with its preliminary determination due on or about September 4, 2001.**

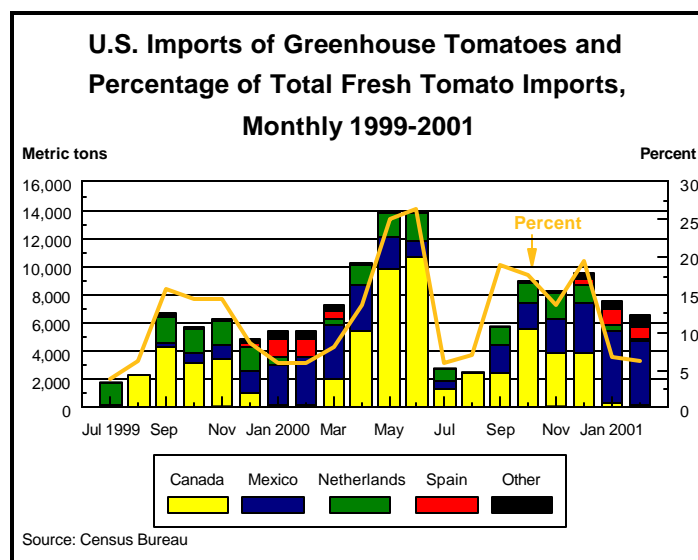
### **Canadian Greenhouse Tomato Industry**

Production of GH tomatoes in Canada expanded rapidly throughout the 1990s, reflecting large, private capital outlays and increased demand for fresh tomatoes by North American customers. However, energy is now the primary component of the costs of producing GH tomatoes in Canada, making profitability of investment uncertain. The majority of Canada's GH tomato production is located in the provinces of Ontario (68 percent), British Columbia (23 percent), and Quebec (8 percent). Canada's tomato GH industry is well developed, with production growing from 32,900 tons in 1994 to 158,000 tons in 1999. Currently, about half of Canada's GH tomato production is exported to the United States. Because of cold weather, limited sunlight, and high energy costs during the winter months, shipments of Canadian GH tomatoes to the United States begin around March, peaking in May or June and ending around December.

In anticipation of a U.S. anti-dumping action against Canadian greenhouse tomatoes, Canadian producers issued a press release on February 12, labeling the U.S. industry's dumping allegations as being "completely without merit" Canadian officials suggested on several occasions that it is the U.S. industry that is dumping field-grown tomatoes in Canada; however, no action has been taken to date to initiate a formal review and investigation of this allegation.

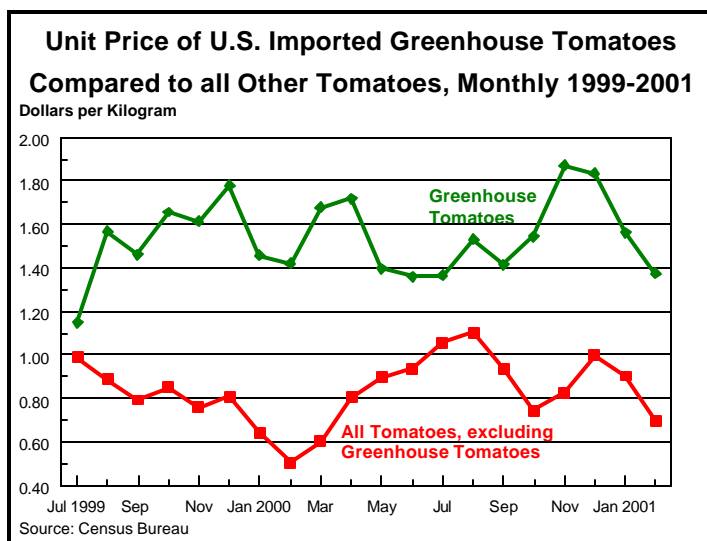
## Increasing Imports of Canadian GH Tomatoes Triggers U.S. Anti-dumping Action

On March 28, 2001, EuroFresh, Sunblest Management, HydroAge, Village Farms, Sunblest Farms, and Carolina Hydroponic Growers, filed an anti-dumping petition against Canada, alleging that imports of GH tomatoes are being sold in the United States at less than fair value, and are materially injuring or threatening to injure U.S. GH tomato producers. U.S. imports of fresh tomatoes of all types from Canada have grown from 22,000 tons valued at \$37 million in CY 1996 to 101,390 tons valued at \$161 million in CY 2000. GH tomatoes continue to account for a rapidly increasing share of the U.S. fresh tomato market. In recent years, the U.S. GH tomato industry has been adversely affected by a stronger U.S. dollar vis-a-vis the Canadian dollar, which has contributed to the continuous growth of imports of GH tomatoes from Canada over the past twelve months. In 2000, GH tomato imports from Canada accounted for 48 percent of all types of fresh tomatoes imported, and 51 percent of total GH types. Canadian fresh tomato exports to the United States are predominantly high-value GH tomatoes while U.S. exports of fresh tomatoes to Canada are mainly field-grown tomatoes.



## U.S. Greenhouse Tomato Industry

According to the Economic Research Service (ERS), U.S. production of GH tomatoes in CY 2001 is estimated at 159,000 tons (350 million pounds), unchanged from the estimated level in CY 2000, and up 10 percent from 1999. Area under glass for this production volume is estimated at 324 hectares (800 acres). The leading GH tomato producing states are California, Arizona, Colorado, Minnesota, New York, Pennsylvania, New Mexico, Nevada, Texas and Virginia. Almost all U.S. GH hydroponic



tomatoes produced are sold at the retail level.

Compared with fresh-market field-grown tomatoes, GH hydroponic tomatoes are sold at higher prices in the marketplace, because consumers are willing to pay a higher premium for the product, due to perceptions relating to taste, color, size and presentation (fruit on-the-vine). But as U.S. production and import volumes increase (mainly from Canada), prices of greenhouse tomatoes are likely to drop. GH tomatoes are still a small part of the U.S. fresh tomato market. The unit price of GH tomatoes currently wholesale for nearly two to three times more than the price of field-grown tomatoes.

On the export side, Canada is the top market for total U.S. fresh tomatoes, accounting for 75 percent of the total value in 2000, down 9 percentage points from 1999. Florida, California, Arizona, Virginia and Texas are the leading states in exports of fresh tomatoes to Canada, accounting for about 90 percent of the total.

***For more information, contact Emanuel McNeil at (202) 720-2083.***